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Part II. The tasks of the investment service.

1. The principle of separation of the investor from the contractor.

The organization of the investment service in Poland was based strictly on the USSR model. In this case, not only the pressure to apply the Soviet models in all fields was decisive, but also the fact that the Polish economists and engineers did not have sufficient experience in industrial investments implemented entirely by the monopolistic state owned industry.

Before the WWII there were such investment relations where the state enterprises acted as commissioners of investments, but these enterprises were always giving orders for investments on the basis of limited or unlimited bids. These prewar enterprises restricted their functions to financing and supervision of the investment, as well as being responsible for ordering the design and the so-called ^{blind} estimate, i.e., description and listing of all materials and calculation of labor. Of course, before WWII, the investor also supplied the building ground and the necessary legal authorizations.

The situation changed after nationalization of the building industry and annulment of the bidding system. Productive capacity is regarded as a regulated resource and is assigned in the same way as finances, materials, machinery, ground, etc., by the state for the realization of the state investment plan.

The following fundamental question arose in connection with the changed situation: As the investor must organize many elements -- ground, design, finances, machinery, technical supervision, financial supervision, supplies of some materials, taking over and putting into operation of the constructed investment and ^{on} so far, he must create a large organization anyway. Why should he not go further and organize the implementation of construction since he is not permitted to choose among contractors? The answer was prejudged by the Soviet opinion which is as follows:

a/ The State control system requires that the investor and the contractor be in opposing situations as far as finances and quality are concerned. The contractor is interested in high prices and a minimum of effort. The investor is interested in a minimum of expenses and the highest quality. Both sides are interested in the realization of the project and this is ^a mutual point, but according to this theory the union of supervision and implementation in one authority is incompatible with the exigencies of control.

b/ The task of investor is the exploitation of the project (e.g., of a factory), or the use of it (e.g., of a school, hospital or apartment house), also the initiation of a concept of the project, definition of standards of manufactured products and the purpose of construction. However the investor is not called upon for or trained in construction methods. The construction is a separate industry and different from

such industry or activity for which the investor is responsible, in other words, the exploitation must be separated from the construction of a project. This second principle is a principle of peculiarity of the construction industry as a separate industrial activity.

Each peculiar industrial activity is represented in Poland by a ^{central} "X" separate main administration usually called ^{central} administration of industry. There are about 45 such central administrations of individual industries in Poland. Besides there are about 35 central administrations of other branches of production, i.e., construction, transportation, agriculture and services. These central administrations do not have in their titles the names of the industry, but they too are responsible for production.

In ~~the~~ trade, instead of the name central administration, (there are about 30 such centers). (the name center is used.) Since 1958 these central administrations dropped the term "central" from their names, using only "administration" or "association." In any case, they represent a chief administration of individual production branches. Branches are joined in related groups and then form a ministry.

Because the construction industry is a separate production branch, according to this principle, the separation of this branch must be on the level of the highest main authority of the industry, i.e., on the level of the central administration or ministry, not below the level of central administration and certainly not on the level of an enterprise. This means that there is no central administration in Poland

which is at the same time responsible for an industry and for construction. In Poland both possibilities are applied, i.e., the responsibility for construction is separated on the level of the central administration or on the level of the ministry. Different solutions were accepted as shown by the following examples.

Railway construction.

Central Administration of Railway Construction (Centralny Zarzad Robot Kolejowych) controls about nine railway construction enterprises located all over the country. It is only a contractor and the administrations of railway construction (Dyrekcja Budowy Koleji) function as investor. Both the Central Administration of Railway Construction and the administrations of railway construction are subordinated to the same Ministry of Transportation. In this case the construction activity is separated on the level of the central administration, but not excluded from the ministry. The principle of separation is applied in theory because the branch is separated: one administration acts as investor and another as contractor. However, the first principle of "opposing interests" is implemented in a way which should be discussed. There is a conflict of interests between the investor, in this case between the administration of railway construction, and the contractor-the Central Administration of Railway Construction, but this conflict can be decided by the same minister. There is no conflict between various ministries and some theoreticians were of the opinion that this separation of implementation of construction from the investor was not on a sufficiently high level.

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Coal Mining Industry

The Central Administration of Coal Mining Construction (Centralny Zarad Budownictwa Weglowego) was organized for the construction of mines, shafts, and coal processing plants. It carries out not only mining construction but also industrial construction for the Ministry of Mining and Electric Power. On the other hand, the associations of coal mines (Zjednoczenie Kopaln) act as investors and the Investment Department of the Ministry of Mining and Electric Power is the so-called central investor which controls all investments on behalf of ^{the} ministry.

Industrial Construction

The industrial construction industry is responsible for the construction of factory type-industrial establishments. Such constructions are carried out by the Ministry of Construction and Building Materials Industry. Thus the separation of authorities for the construction of factories was implemented as far as on the level of the ministry. No ministry is entitled to build a factory for itself, but most order its ~~construc-~~ construction at the Ministry of Construction and Building Materials Industry. The Ministry of Heavy Industry does not construct its foundries and metallurgical factories. Only the constructions for iron and non-ferrous mines are carried out by the Central Administration of Iron Ore Mining (Centralny Zarad Kopalnictwa Rud Zelaznych) subordinated to the Ministry of Heavy Industry.

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Social Construction

Social construction embraces the construction of schools, hospitals, etc. The Ministry of Health, or the Ministry of Higher Education or Ministry of Education or Ministry of Culture and Art (libraries, cinemas, theaters) are investors, and the Ministry of Construction and Building Materials Industry is the contractor. The separation of investments from construction is in this case on the highest level, i.e., on the level of ministries.

Housing Construction

The investor is represented by a separate organization Central Administration of Workers Settlements (Centralny Zarząd Osiedli Robotniczych)-ZOR)* and construction is done by enterprises of housing construction subordinated to the Ministry of Construction and Building Materials Industry. A part of housing construction is implemented outside ZOR but even in such cases the separation of contractor from investor, which may be a factory is also preserved.

Exceptions

There are some exceptions to this principle of separation of investor. In some cases the investor himself carries out the constructions, i.e., the functions of investor and contractor are united. This system is called "self management" economic system (system gospodarczy). ~~see page 46 (of orig.)~~ The government does not permit the development of this system beyond certain limits because it is much more difficult to

* It was created in 1949 under the name Zaklad Osiedli Robotniczych from which the abbreviation ZOR; since 1956 the above name Central Administration of Workers Settlements is used.

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control, but it can't eliminate it for various reasons which will be described later. Anyway the government takes care that no more than 15 percent of the investment plan is constructed by "self management" economic system and that this system is restricted to small investments.

Summary

- a/ The function of investor is completely separated from the function of the contractor as far as administration is concerned.
- b/ Construction work by self management economic system is the exception but the volume is kept on a level not higher than 15 percent of the total national investment outlays.
- c/ The separation of investor from contractor is realized in three forms: ~~etc.~~
 - (1) The investor orders the construction by an enterprise of the Ministry of Construction and Building Materials Industry.
 - (2) The investor orders the construction by ^a construction enterprise controlled by another ministry, not his own, and not the Ministry of Construction.
 - (3) The investor orders the construction by another central administration of construction within its own ministry.

These three forms are called "contracting system" (system zlecony).

2. The development of the investment service.

The investment service described above was not formed right after the war in Poland. After 1945 the reconstruction of factories

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was carried out in most cases by the self-management economic system. Housing construction was not separated from industrial construction, ZOR did not exist, it was created as late as 1949/1950. So, for example, the Ministry of Mining started to build miners settlements in 1946, 1947, and 1948 under its own management and organized in the subordinate Central Administration of Coal Construction, a Branch of the Workers Housing Construction which was later closed in 1950. However, the Soviet experts convinced the Polish government, by quoting experiences in USSR, that the functions of investor and contractor should be separated and that the self-management economic system should not be supported.

In the USSR the self-management economic system was developed from 1918-1927. However, they noticed an enormous waste of building materials and a disproportion in the wage system. For example, a construction worker was paid as miner when he was building a coal flotation plant and as a metallurgical worker when he was constructing a steel plant or a housing project for it. The materials allocated for production, e.g., steel for machines, were often used by the director of a factory which was constructed by the economic system as building material instead. For this reason, an important decision was made by the party and government of USSR in 1930 to change the entire construction industry into the contracting system. The self-management economic system has *been* opposed since and restricted to small investments and capital repairs.

In the next period, from 1930-1936, central construction administrations were organized in all industrial ministries. Each ministry had its own organization in charge of construction, and also almost every central administration created its own construction enterprise. There was still disorder among different wages systems, in addition, e.g., in Donbas a highly industrial region where there are many mines and steel works, a great number of construction enterprises were created in one place. Everybody was building for himself and each construction enterprise organized its own departments such as assembly, installation and electric, etc.; proper specialization was not developed and the construction industry became a collateral activity of various industries. Every director of a factory built housing apartments for his workers according to his own taste, disregarding urban plans and needs. A special committee GOS STROY (Gosudarstvenny Komitet po dielam Stroytelstva) was created to issue norms which were in force for the entire USSR, but the results were not satisfactory.

In 1937 a new Resolution on Improvement of Construction was issued and Ministry of Construction was formed. Not one, but six ministries, in order to allow technical specialization within the ministries, charged with construction as a basic activity, and not as before when each industry had its own construction establishment, but still the construction was a secondary but not principal activity for an individual industry.

The following ministries were organized:

- Ministry for the Construction of Heavy Industry Establishments "MINITYASTROY"
- Ministry for the Construction of Medium and Light Industry Factories
- Ministry for the Construction of Power Plants
- Ministry for the Construction of Oil Industry Establishments "MINNEFTSTROY"
- Ministry for the Construction of Coal Mines
- Ministry for the Construction of Railways.

In addition to the above mentioned federal ministries there were also ministries of construction of individual Soviet Republics.

Such a setup existed up to 1956 and the same organization was suggested by the Soviet experts for the Polish government. This setup was accepted in Poland with major modifications which included the following:

- a/ In 1951 only one Ministry for Industrial Construction was created whose task was the realization of all industrial investments.
- b/ For housing construction one substitute investor, the Administration of Workers Settlements (ZOR), was organized and was in charge of all settlements in Poland joining them in urban units, taking care of architecture, composition and so on. This was unlike the system in the USSR where each factory is building a cluster or apartment houses near the factory without unifying them in a small town or settlement or one urban unit.

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c/ The construction of highways and railways was left with the Ministry of Transportation under separate central construction administrations but not ^a separate ministry.

d/ The Construction Committee was not created like ~~these~~ ^{that} in the USSR, Czechoslovakia and East Germany who imitated the Russians. Instead a small Committee of Urbanization and Architecture was organized.

e/ The construction of mines was left to individual ministries, i.e., the coal mines are constructed by the Central Administration of Coal Construction of the Ministry of Mining and Electric Power, the ore mines by the Central Administration of Ore Mining of the Ministry of Heavy Industry, sulphur mines by the Central Administration of Sulphur Mining of the Ministry of Chemical Industry.

Returning to the USSR, it should be stated that it was soon clear that the Soviet organization with several ministries of construction is uneconomic. Each federal ministry of construction is building all over the country and as a result, six various ministries may be building in one town, each controlled from Moscow, and each overburdened with many additional duties which are the result of several channels and intermediary dependence. In 1956 Khrushchev disbanded all the above mentioned ministries and the construction industry was organized on a territorial basis. Poland did the same thing ^{in 1957} as will be described later. However the Soviet experts regarded the Polish idea of ZOR in 1957 as very sound and regretted that something similar was not organized in the USSR.

In general, the Soviet organization of the construction industry, as in its ~~all~~ stages of development, is still uneconomical; the present stage is better than the previous one, but also unsatisfactory. The organization of a good model of a construction industry is very difficult, in countries with the centralistic economy, more difficult than in other branches of industry because the construction industry is not suited to centralization.

One question remains why mining and transportation construction were not separated from their ministries and attached to the Ministry of Construction and Building Materials Industry. This was because the principle of separation of contractor from investor was partly broken in these cases.

Maintenance and repair of roads and railway lines require special machinery, rollers, railroad construction trains, etc. There were not enough machines for a separate depot to be kept for maintenance and repairs, and another for the construction of new roads. Similarly in the mining industry, the maintenance of shafts, and the construction of new shafts and new mines is so closely connected that it does not pay to create a separate organization for ^t maintenance and expansion of adits and passages in the existing mines, and organize another organization for the construction of new mines in another ~~XXIV~~ Ministry. As a rule, maintenance, repairs and normal expansions are better carried out, and should be carried out, by the same establishment.

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Exceptions to the Principle of Separation of Investor from Contractor.

A substitute investor was already mentioned above, on page ¹⁰ 30, when describing ZOR, which collects the funds allocated to various investors like factories, ~~and~~ people's councils and integrates them in larger sums which allow the construction of settlements. This allows great advantages although there are some inconveniences arising from the system of a substitute investor. The same principle was applied also in the case of construction of so-called industrial districts in Warsaw and Lodz. Two new industrial districts, Sluzewiec and Zeran, [were] built in Warsaw according to urban plans, where new factories, ware-
~~houses~~ houses, etc, are being located. It is necessary to build common facilities such as railway lines, streets, water, sewers and so on for the whole district. Each investor, e.g., Ministry of the Agricultural and Food Industry constructing slaughterhouses, Ministry of Light Industry constructing a warehouse for rags, the Ministry of Internal Affairs constructing large garages, Ministry of Communal Economy building streetcar sheds, and several other installations which were planned to be located in Sluzewiec (altogether 37 various establishments) has limited funds and each of them has to pay a share for all common utilities. The substitute investor combines these contributions and builds the entire railway, road, water, sewer system, etc. In the case of the above mentioned districts Sluzewiec and Zeran in Warsaw and projects in Loda, specially created administrations for the construction of industrial districts are such substitute investors. It was decided that such

administrations should be organized and later on supervised by the Ministry of Construction and Building Materials Industry. It was just an arbitrary decision, maybe it would be better if the Ministry of Communal Economy was chosen as supervising authority. The construction of Warsaw Subway/also organized as a substitute investment under the supervision of the Ministry of Industrial Construction, although this ministry would never be responsible for the exploitation of the Subway. It should have been an investment of the Ministry of Communal Economy or Ministry of Railways. The organizational efficiency of the Ministry of Industrial Construction was decisive in this case for the assignment of the role of substitute investor. In general such cases of a substitute investor are rather rare and, with the exception of ZOR, have not much influence on the implementation of investments.

3. Investment Channels and Levels.

Each investment project must pass through three to four channels for approval before it can be financed. This is done in the following way:

a/ The State Economic Planning Commission at the Ministers Council issues a directive (Wytyczne) on the preparation of the national investment plan, usually in April. The directive specifies what approximate sums the ministry can expect, and what type of investments will be favored.

b/ The ^{ministry} collects individual motions from the subordinate enterprises and makes a selection, and finally prepares a comprehensive

draft of its investment plan. It submits this comprehensive draft with a list of individual projects to the State Economic Planning Commission for approval. This is called the draft stage of the investment plan.

c/ The State Economic Planning Commission rejects some motions in some projects; the sums requested are reduced for the individual year; and finally the Commission approves the list with a sum for every major project, a comprehensive sum for all smaller, "not centrally controlled" investments, and ^{the Commission} will be no more concerned about the individual projects. This is the approval stage of the investment plan (it will be December 1959).

d/ The ministry allocates necessary credits to the central administrations and they, in their turn, allocate the credits to the subordinate enterprises.

e/ The government approves the investment plan (on 31 December 1959). The copy of the respective government resolution is sent to the Investment Bank together with the list of major projects.

f/ The central administration opens an account for the individual investments in the Investment Bank and authorises ^z the subordinate enterprise to draw money for the individual investment project on the basis of the approved estimate, a copy of which the enterprise submits to the bank.

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g/ The enterprise organizes separate investment administration (dyrekcja investycyjna) for larger investment projects under the name "the enterprise under construction" (e.g., Warsaw Steelworks, enterprise under construction) and orders the construction work from one state construction enterprise, which afterwards makes agreements with necessary subcontractors.

Reports on the implementation of the investment plan~~X~~ go in the opposite direction and are prepared on special forms. These reports are prepared by the administration of the individual project under construction for the central administration and ^{go} to the State Economic Planning Commission. The central administration submits reports on the implementation of the investment plan to the Main Statistical Administration (GUS), to its ministry, to the Ministry of Finance, and to the State Economic Planning Commission (PKPG). The ministry prepares a comprehensive report and submits it to the State Economic Planning Commission and to the Main Statistical Administration. If the investment is small, no administration of the project under construction is organized and the investment department or section of the enterprise acts as investor. There is always an investment section at every central administration, and an investment department at every ministry.

In addition to the reports submitted to the State Economic Planning Commission and the control executed by the central administration and

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the investment department of the ministry, the administration of the investment project under construction (Dyrekcja budowy) is also controlled by the Investment Bank, and more important investment projects are also controlled by the Supreme Chamber of Control.

This organization of planning, approval and reporting of investments is called in Poland a three level investment service and its individual levels have the following names:

- a/ on the level of the enterprise (investment section or enterprise under construction), "direct investor" (inwestor bezposredni)
- b/ on the level of the central administration (investment section) "chief investor" (inwestor naczelnny)
- c/ on the level of ministry (investment department) "central investor" (inwestor centralny)

If an enterprise does not build or make any major investments during the individual year, it has only an investment officer (referent inwestycji). If the enterprise does not make any investments at all, it has one official for capital repairs and investments (referent kapitalnych remontow i inwestycji).

Summary

As may be seen from the above, the entire system of investment service is built up to facilitate control. The large number of channels (three levels and approval by the State Economic Planning Commission), the control by the bank of each payment so that it is according to the estimate, the checking by the bank on overdrawing of

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the wage fund, then the commissions for the evaluation of investment plans (projects) at each central administration, at each ministry and the Main Commission on the Evaluation of Investment Plans (GKOPI) at the State Economic Planning Commission, plus a very detailed reporting system on implementation -- all this is organized for the purpose of control. However, from the point of view of the investment project itself and the needs of the construction, the above described system is slow, heavy, bureaucratic and, in general, unsuccessful.

4. The Duties of an Investor.

The duties and responsibility of an investor are listed in the following paragraphs:

a/ The preparation of initial concepts of the investment and acquisition of approval of these concepts by the State Economic Planning Commission, and, for the "not centrally controlled" investments, by the responsible ministry. The approval by the State Economic Planning Commission, must be preceded by the approval by the central administration and by the ministry so that, at the meeting of the Main Commission on the Evaluation of Investment Plans (GKOPI), all three investors -- the direct, the chief and the central investor-represent one unit, one party and one attitude towards the State Economic Planning Commission. The approval of the initial concept means the approval of further studies and of expenses connected with the preparation and working out a design of the project, but nothing more.

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b/ Working out of initial design of the project and approval by the GKUPI of the State Economic Planning Commission, or, for projects below 50 millions of estimated value, by the commission on the evaluation of investment plans (KOPI) of a ministry. This approval authorizes ⁷ xxxx expenditure for detailed studies, for technical designs and initial legal steps, but not larger expenses.

c/ Recording the project in the national investment plan: The approval by the State Economic Planning Commission with a statement that this project was listed in the National Investment Plan with a strictly defined sum for the next year is a document which authorizes ⁷ the opening of an account in the Investment Bank.

d/ The opening of the account at the Investment Bank, and the deposit of the approved detailed estimate which will serve a basis for checking the accounts.

e/ The creation of the administration of the enterprise under construction by the investing minister and the finance minister; this authorizes ⁷ the expenditure for the upkeep of this administration up to 1 percent of the total estimated sum for the project (not only of the sum approved for the individual year).

f/ Commission of the construction of the project to a general contractor, i.e., to a state construction—assembly enterprise. This enterprise is not selected by the investor but assigned according to the plan of the Ministry of Construction and Building Materials Industry approved by the State Economic Planning Commission after the approval of the national investment plan.

g/ Activities embracing expropriations, approval of all legal documentation, the introduction of the contractor on the building site. Supply or arrangements for the supply of water, electricity, transportation, roads and railways/siding^s to the building site.

h/ Delivery of completed technical design of the project to the general contractor. Such design could be ordered abroad or worked out before and paid for in advance (after the approval by the GKOPI as explained in para b/) from the turnover sums of the investing enterprise, and at this time such sum is refunded from the investment credits. The Investment Bank accepts this sum spent for designing and the National Bank crosses this sum out from the turn-over account of the enterprise.

i/ Ordering and bringing in the machinery. The general contractor organizes the storage and guarding of machinery for special payments.

j/ Receiving and checking of quality of machinery, testing assembly of them. Transfer of documentation of these machines to the general contractor for assembly. The general contractor certifies that all machines were received tested and suitable for assembly.

k/ Constant supervision of all works by the contractor, checking of accounts, and quality of work. The bank pays automatically every checked bill submitted by the contractor every two weeks. The bank is authorized to stop payment of a sum from the wages fund which is higher than the sum specified for labor in the estimate for the part of the work specified in the bill. There are no restrictions in relation to the costs of materials.

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l/ Supplying of special materials, strictly specified in the instruction of the State Economic Planning Commission as so-called "materials supplied by the investor". These are materials of which there is a shortage (materiały niechodziwe) such as acid resisting pipes, cables of specific dimensions, colored and nonferrous metals, high quality steel, high quality and fire-resisting ceramics, special shaped iron, all imported materials, steel pipes without seam, special iron and steel sheets for smelting furnaces, etc.

m/ The preparation of crews trained to take over the machinery once it is in operation and has completed the trials.

n/ The cooperation with general contractor in testing and trial runs of machines, formation of combined testing brigades according to special instructions issued by the State Economic Planning Commission.

o/ Recruitment of necessary workers and technicians for the operation and exploitation of the constructed project and gradual assignment of them to individual jobs.

p/ Organization of a governmental, high level, final inspection committee (Rzadowa komisja Odbioru Objektu) for taking over the constructed investment project. Such a committee is organized by the investing ministry and, for the major investments of national importance, by the State Economic Planning Commission or by the Ministers' Council.

r/ Taking over the grounds from the general contractor (or part of it) including services, i.e., roads, railway, water and sewer

system, electric power plant or substation. Occupation and servicing of these facilities by his personnel as assigned by the investor.

s/ Final check of the project and taking over for operation; listing of faults which will have to be corrected during the operation of the constructed project.

t/ Trial production run for 72 hours at full capacity.

u/ Turning over of the investment project in operation to the user. In most cases it is the enterprise under construction mentioned in para e/ on page ¹⁹ ~~12~~. In some cases such administration of the enterprise under construction is liquidated and the investing enterprise takes over the exploitation, especially when the investment was an extension of the existing factory, or was a substitute investor.

v~~s~~/ During the construction the investor is responsible for all corrections and changes in the project which are the result of new laws and instructions, technological changes, changes of machines, shortages and delays in delivery of machinery and materials, changes of labor costs, increases of prices introduced by the government, changes suggested by the general contractor which are regarded as necessary, changes caused by unforeseen circumstances, e.g., water, hurricane, faults in static calculations, and those required by safety instructions.

w~~s~~/ The duties of the investor also include periodical, monthly reports about more important changes and accidents, and the preparation of special reports on request of the higher authorities.

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As one can see from the above, ^{the} functions of an investor are very wide and by no means less important than the function of a general contractor.

When the investment project is built by the self-management economic system, such responsibilities as the supply of building and other necessary materials, and the building of the project, are added.

5. Conclusion

The investment service ~~is~~ in Poland ^{is} well organized. Its setup is clear enough, and it is, in general, properly adjusted to the task for which it was organized. Its main defect is that there are three and, with the PKPG, even four levels. [redacted] two levels 25X1 would be sufficient. The failures are mostly caused by the fact that the main effort is put on the formal and financial side and not on real technological and economic aspects of the problem. With the prices always changing and the irritating relation of prices (state prices versus private prices, home versus imported, ruble versus dollars, high cost of materials and machinery versus low wages and labor costs, planned deficits, etc) the financial control does not protect from waste at all. One of the worst factors is the unproportional tempo and strain of investments. Stormy progress during one year, ~~the~~ stagnation during the next year on the same construction project, and again a storm period during the third year upset all calculations. Constant flexibility and revisions of designs, and "saving" campaigns during the year are a nightmare to the

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investors. Some improvement was made in 1958 in this field by entering an individual investment into the national investment plan for the whole time of its construction, for example, for four years. The allocated sums for each year during these four years are fixed and the investor does not need to apply for credits every year. The so-called "loosing the credits" not used during the budget year was also reversed. In the past, an investor received 200 millions for the year 1957 and used only 170 millions because the machines were not delivered, or for some other reason, he lost the remaining 30 millions and he had to apply all over again for credits for the year 1958. Another investor, for example, might use the 200 millions allocated for 1957 by August 1957, and he could continue construction and accelerate the construction of the project, but it was nearly impossible to obtain additional credits during the same year.

According to the 1958 reform, the allocated credits are transferred for the next year and if the investor is able to accelerate ~~the~~ construction during the current year, he can draw money from the next year if he is within the limits of the total sum approved in the estimate.

Another improvement is the increase of decentralized (not controlled by the PKPG) investments. However general difficulties such as shortages of special materials, difficulties in obtaining imported materials and machinery, as well as delays in delivery of blueprints and documentation, remained and they restrain investment activity.

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The standard of economic analyses and evaluations, especially during the stage of the initial concept, was improved. The analyses of the effectiveness are made on a high level by comparison with dollar prices and by the application of methods which are almost identical with those used in the West. The problem of effectiveness of investments became one of the most studied; there were national scientific conferences held, where this theme was discussed and the problem of investments in Poland is, theoretically, (not yet in practice) probably on the highest level among all Eastern Bloc countries. The studies and works of the following professors and economists: Kalecki, Secomski, Bronislaw Minc, Pajestka, Buch, Bartnicki, Lipinski, Wakar, Bobrowski, Jedrychowski, Gorynski, and several outstanding engineers, contributed to the better knowledge and clarification of the problem of effectiveness of investments.

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